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fuel oil news

December 1980

The Largest Circulation Magazine of Oil Heating & Petroleum Handling

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SOURCE BOOK

fuel oil news

Serving the Industry Since 1935—December 1980/Volume 45/Number 12

Source Book III

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Cover:
The flow of product from storage to the customer is the objective of the retail fuel oil dealer. Source Book III has been designed to help you perform this function by making it easier to find all the necessary products & services to carry out your business. Our survey hopes to help you gauge your company's performance against the average. Photo by Martin Iger.

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Multi-Product Lines A Growing Dealer Trend

Three years ago when we first initiated a readership study for the *Source Book*, we really had no idea what we would uncover. One of the first things that became apparent as we tabulated the raw data for the first survey was that more fuel oil dealers were involved in the distribution of gasoline and other petroleum products than had generally been believed. Our second study, published last year, fortified these findings, and once again it has become evident that fuel oil dealers are not "putting all their eggs in one basket" and are indeed integrated petroleum marketers. As indicated in Table 1, more than half of the dealers surveyed distribute gasoline as well as fuel oil to some degree, either at retail or bulk. Midwest dealers lead this trend, with almost 90 percent marketing gasoline.

TABLE 1
Type of Petroleum Sold
(Percent of Readers)

	Fuel Oil	Gasoline
New England	100%	42.6%
Mid-Atlantic	100	34.5
South	100	58.3
Midwest	94.7	89.5
West	100	59.1%
All Sections	*98.9%*	*56.8%*

It is quite interesting to note that more New England dealers are now involved in gasoline distribution than had previously been reported. In 1979, only about 14 percent said they marketed gasoline. This year, more than 42 percent do so, indicating that more dealers are substituting lost fuel oil gallonage with gasoline. This is further evident by the average gallonage reported in Table 2. Fuel oil dealers in New England now market, on average, more gasoline than fuel oil—2.8 million gallons vs. 2.0 million gallons of No. 2 oil—indicating a shift in priorities. In 1979, New England dealers averaged some 3.1 million gallons of fuel oil and 1.8 million of gasoline. So while the total volume is about equal to last year, the percentages have tipped to gasoline.

The loss of fuel oil gallonage in New England seems to be more through conservation than because of losses to other fuels. Dealers reported that they have (as an average) 1,290 residential accounts, which is actually slightly more than the average of last year (1,262). The average number of residential accounts for all

TABLE 2
Average Size of Business

	No. Residential Fuel Oil Accts	No. C/I Customers	Vol. Distillate	Vol. Gasoline	No. Employees
New England	1,290	179	2,037,381 gal.	2,856,333 gal.	11.1
Mid-Atlantic	1,893	147	2,890,364	2,260,526	15.3
South	1,438	83	1,195,000	2,175,714	6.5
Midwest	668	74	1,265,906	1,962,241	8.2
West	859	100	1,405,364	3,266,954	8.3
All Sections	*1,230*	*117*	*1,758,803*	*2,504,354*	*9.9*

TABLE 3
Sources of Business Income
(Percent of Total Business Income)

FUEL OIL

	Retail		Bulk	
	Primary	Secondary	Primary	Secondary
New England	91.5%	6.4%	10.6%	12.8%
Mid-Atlantic	98.3	1.7	8.6	20.7
South	83.3	16.7	16.7	25.0
Midwest	55.3	23.7	18.4	23.7
West	68.2	27.3	9.1	22.7
All Sections	*79.3%*	*15.2%*	*12.7%*	*21.0%*

GASOLINE

	Retail		Bulk	
	Primary	Secondary	Primary	Secondary
New England	17.0	6.4%	14.9%	19.1%
Mid-Atlantic	15.5	15.5	10.3	15.5
South	25.0	*	41.7	16.7
Midwest	36.8	26.3	50.0	15.8
West	4.5	9.1	50.0	4.5
All Sections	*19.8%*	*11.5%*	*33.4%*	*14.3%*

*Less than .1%

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TABLE 4
Petroleum Products Sold
(Percent of Total Volume)

	No. 2	No. 1	No. 4	No. 5 & 6
New England	75.8%	3.8%	0.8%	0.5%
Mid-Atlantic	73.2	5.3	1.4	1.8
South	43.4	21.3	*	0.2
Midwest	37.3	7.0	*	0.6
West	54.8	4.3	*	*
All Sections	*56.9%*	*8.3%*	*0.4%*	*0.6%*
	No. 2 for Diesel	**Gasoline**	**LPG/LNG**	**Other**
New England	5.2%	12.9%	0.6%	0.4%
Mid-Atlantic	6.8	10.8	0.2	0.5
South	1.5	31.5	2.1	*
Midwest	11.5	40.9	1.7	1.0
West	8.5	29.1	1.7	1.6
All Sections	*6.7%*	*25.0%*	*1.3%*	*0.7%*

*Less than .1%

sections grew also, from 1,096 residential customers per dealer in 1979 to 1,230 this year. Fuel oil volume, at the same time, went down from 2.2 million gallons per dealer to 1.7 million. Gasoline volume jumped from 1.4 million gallons to 2.5 million. Some of this can be credited to a fluctuation in the sample, but not all of it. The effective use of equipment and personnel on a year round basis is something that dealers recognize as good business practice, and is a philosophy that *Fuel Oil News* has expounded upon for years.

Although the average number of commercial and industrial customers has grown somewhat since last year (96 vs. 117) whether or not this is an indication of more effort in this market or a variation in the sample is hard to say.

Before leaving Table 2, it should be noted that the average number of employees per dealer has also risen, from 8.1 in 1979 to 9.9 this year. Government uses unemployment statistics as an economic indicator, and if the number of employes is a measure of how well the industry is doing, then one would have to conclude that the industry certainly isn't dying as the gas people would like to make consumers believe. One note of caution however, before anyone starts to break out the champagne: although each dealership is now employing more people, the total number of dealers doing business is diminishing. Therefore, the total workforce within the industry would be more indicative of the business climate. Unfortunately, these figures are not available. The U.S. Census Department is compiling this data based on the 1980 Census and 1979 tax records, but it will be 1981 or 1982 before they are available.

Just how accurate these figures may be once they are published is another moot point. The latest figures available are from 1977 and appeared in the February issue of *Fuel Oil News*. The government said that there were 10,669 fuel oil dealers in the U.S. (SIC Code 5983). We questioned this figure, inasmuch as our subscription list of dealers totals much more than that, and a government official told us that the figure did not include dealers without any employees (mom & pop dealers) or those whose main revenues derived from something other than home heating oil. Therefore, a large jobber with perhaps 10 or 20 million gallons in gasoline volume per year would not be considered a fuel oil dealer to the U.S. Census Department if he distributed a mere six or eight million gallons of No. 2 oil as well!

The question of just how many fuel oil dealers exist is one that we are often asked and one that has eluded everyone—including the U.S. government. Obviously it is a fluctuating figure as dealerships are bought and sold and new people come into the industry. Our best guess is that there are approximately 15,000 companies which deliver fuel oil to residential customers in the U.S. And until some hard data is presented to disprove this figure, this is what we estimate when people ask us this very difficult question.

Moving on to Table 3, we asked dealers to indicate what products represented a primary source or secondary source of income to them, and 79.3 percent said that retail fuel oil delivery was their primary source of income. Another 15.2 percent considered it secondary. The regional figures tell the tale—New England and Mid-Atlantic dealers overwhelmingly felt that retail fuel oil delivery was primary (91.5 and 98.3 percent respectively) while dealers in other regions did not depend on retail

TABLE 5
Annual Heating Oil Sales by Types of Customers
(Percent of Total Customers Served)

	Private Homes	Apts.	Educ.	Hospitals	Commercial	Industrial	Other
New England	83.1%	5.6%	1.2%	0.8%	7.0%	2.2%	*%
Mid-Atlantic	83.4	6.6	0.9	0.4	5.0	1.2	2.5
South	76.1	3.0	0.2	0.2	8.1	5.0	7.4
Midwest	83.5	1.6	1.2	0.9	6.6	4.1	2.1
West	84.6	1.8	0.6	0.3	10.2	2.4	*
All Sections	*82.1%*	*3.7%*	*0.8%*	*0.5%*	*7.4%*	*3.0%*	*2.4%*

*Less than .1%

TABLE 6
Average Drop in Gallons

	275 Gal. Tanks	550 Gal. Tanks
New England	174.1	361.8
Mid-Atlantic	181.5	371.6
South	170.8	367.7
Midwest	188.0	402.8
West	173.0	375.0
All Sections	*177.5*	*375.8*

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TABLE A
Percent of Fuel Oil Dealers using Computer Services

		Percent of Those Who Use Computers			
	Using EDP	In-House Mini	In-House Mico	On-Line Time Sharing	Batch
New England	42.6%	65.0%	15.0%	10.0%	5.0%
Mid-Atlantic	44.8	53.8	26.9	7.7	11.5
South	41.6	80.0	—	20.0	—
Midwest	25.6	60.0	20.0	10.0	10.0
West	50.0	36.4	36.4	36.4	—
All Sections	*40.9%*	*59.0%*	*19.7%*	*16.8%*	*5.3%*

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sales quite so heavily.

Retail sale of gasoline is evidently not a primary source of income to most dealers, as only 19.1 percent indicated it was. Only 11.5 percent said it was a secondary source, but bulk sale of gasoline was listed as a source of income, either primary or secondary, by nearly half of the dealers responding.

Table 4 reinforces the findings uncovered in Table 1, i.e., that diversification of products marketed is continuing. Although No. 2 oil is still the principal product sold, it represents only about 57 percent of the average total volume. Gasoline accounts for another 25 percent, with No. 1 and No. 2 for Diesel also a factor in overall volume. Heavy oils (4, 5 & 6), Lpg and other products (lubes, asphalt, etc.) account for only about three percent of the total volume.

If the loss of customers is evident at all in our survey, it appears to be on the non-residential side. Dealers indicated that 82.1 percent of their customers were private homes. This is up more than 12 percentage points from last year, and is at the cost of the other categories listed in Table 5. All of the other types of customers—apartments, educational, hospitals, commercial and industrial—took losses from last year. This would suggest that dealers are more successful with the residential customers in convincing consumers that oil heat is best.

The average delivery rose a few gallons from last year, as noted in Table 6. Last year, the average delivery in all sections to a 275 gallon tank was 169.2. The average 550 gallon tank delivery last year was 372.1. The numbers are really too close to make any conclusions, such as suggesting that dealers are fine-tining their automatic delivery practices or utilizing EDP greater than in the past. We'll just have to say that the figures are stationary, the difference being variation in sample. More dealers are using computers, and this is explained in the next section of the study. ■

TABLE C
Average Age Of Trucks

	Year Oldest	Year Newest
New England	1969	1976
Mid-Atlantic	1968	1977
South	1969	1976
Midwest	1971	1977
West	1966	1975
All Sections	*1969*	*1976*

Percent Buying This Year

	New Truck	New Tank Only
New England	32.2	10.6
Mid-Atlantic	24.1	13.0
South	25.0	8.3
Midwest	26.3	10.5
West	40.9	22.7
All Sections	*29.7*	*13.0*

NR—Not Reported
°—Less than .1%

TABLE B
Trucks Per Dealer

	Average No. Del. Trucks	Average No. Trailers	Average Size Largest	Average Size Smallest	Optimum Size Preferred
New England	3.8	2.8	2945	2008	2812
Mid-Atlantic	5.2	1.2	3306	2443	3051
South	4.2	0.9	2079	1567	2096
Midwest	3.5	0.6	2430	1681	2529
West	3.9	0.6	2566	1421	2530
All Sections	*4.1*	*1.2*	*2665*	*1824*	*2603*

Engines By Type

	Use			Prefer	
	Diesel	Gas	Both	Diesel	Gas
New England	12.8	51.1%	38.3%	72.3%	21.3%
Mid-Atlantic	37.9	20.7	41.4	82.5	17.5
South	0	66.7	33.3	41.7	59.3
Midwest	8.1	59.5	32.4	61.1	38.9
West	4.5	45.5	50.0	54.5	45.5
All Sections	*12.6*	*48.7%*	*39.1%*	*62.4%*	*37.6%*

TABLE D
Truck Tanks By Type

	Use			Prefer	
	Steel	Alum.	Both	Steel	Alum.
England	53.2%	6.4%	36.2%	48.9%	40.4%
Mid-Atlantic	36.2	27.6	32.8	67.2	32.8
South	50.0	16.7	33.3	33.3	66.7
Midwest	74.4	7.7	10.3	53.1	46.9
West	45.5	9.1	45.5	54.5	45.5
All Sections	*51.9%*	*13.5%*	*31.6%*	*51.4%*	*48.6%*

TABLE E
Percent Using Two-Way Radios

New England	68.1%
Mid-Atlantic	67.2
South	75.0
Midwest	53.8
West	54.5
All Sections	*63.7%*

unclear.

Steel vs. aluminum is detailed in Table D, which indicates that it's just about a toss-up in terms of preference. Dealers in the Mid-Atlantic overwhelmingly prefer steel, but this is exactly opposite in the South. Presumably, the reasons for preference have to do with gross vehicle weight limitations, which vary from state to state. Steel tanks are heavier, and in states with low GVW mandates, it would mean that tanks would have to be smaller if they were made from steel.

Use seems to be clearly to steel, which is used by more than 80 percent of the dealers, either exclusively or in combination with aluminum.

Two-way radio equipment is being used by almost two-thirds of the dealers polled. This ranges from a high of 75 percent in the South to just over half in the Midwest. This is an increase overall from 50.3 percent that used two-way radios last year. The largest increase was in the West, where the percentage jumped from 37.5 to 54.5. ■

PEDDLE-POWER—Henry M. Powers, president of Sprague Energy, which operates New England's only oil refinery, located in Newington, NH, takes energy conservation seriously. He rides his bicycle to work almost every day. "It's certainly not the answer to America's energy crisis," says Powers, "but the exercise is great. I recommend it."

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Equipment Recognized As Important to Dealers

Nearly two-thirds of the dealers polled in our third-annual readership study are involved in equipment sales. Dealers in the Mid-Atlantic and New England regions lead the way with 93.1 and 83.0 percent respectively, and the Midwest again trails, with only 26.3 percent of those reporting saying that they sell, install and/or service some type of heating or cooling equipment. Western dealers failed to report in sufficient quantities to get satisfactory figures last year, but this year we were able to obtain enough statistics to come up with an average of 50.0 dealers in the West who handle equipment.

Interestingly, dealers in the South are starting to get into equipment more and more. Last year, only 43.8 percent said they handled equipment, but this year, three-quarters of them do so.

While the number of dealers selling, installing and/or servicing equipment has remained stable overall and increased in some areas, business, as noted in Table II, has been down somewhat in

TABLE I
Percent of Fuel Oil Dealers That Sell, Install and/or Service All Types of Heating/Cooling Equipment

New England	83.0%
Mid-Atlantic	93.1
South	75.0
Midwest	26.3
West	50.0
All Sections	*65.5%*

TABLE II
Trends of Equipment Sales Past 12 Months (Percent Reporting)

Residential

	Up	Same	Down
New England	57.4%	27.7%	14.9%
Mid-Atlantic	58.6	24.2	17.2
South	16.7	58.3	25.0
Midwest	13.2	81.5	5.3
West	18.2	63.6	18.2
All Sections	*32.8%*	*51.1%*	*16.1%*

Commercial

	Up	Same	Down
New England	23.4%	68.1%	8.5%
Mid-Atlantic	6.9	81.0	12.1
South	0	91.7	8.3
Midwest	10.5	81.6	7.9
West	4.5	81.0	4.5
All Sections	*9.1%*	*80.7%*	*8.3%*

TABLE III
Sources of Business Income (Percent of Total Business Income) HEATING EQUIPMENT

	Retail		Wholesale	
	Primary	Secondary	Primary	Secondary
New England	17.0%	51.1%	2.1	10.6
Mid-Atlantic	6.9	70.1	*	17.2
South	8.3	50.0	*	8.3
Midwest	7.9	7.9	5.3	2.6
West	*	45.5	*	*
All Sections	*8.0%*	*44.9%*	*1.5%*	*7.7%*

	A/C		Other	
	Primary	Secondary	Primary	Secondary
New England	2.1%	10.6%	2.1%	19.1%
Mid-Atlantic	*	17.2	*	25.9
South	8.3	16.7	*	*
Midwest	2.6	5.3	5.3	5.3
West	*	4.5	*	13.6
All Sections	*2.6%*	*10.9%*	*1.5%*	*12.8%*

*—*Less than .1%*

TABLE IV
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Oil Burners	Gas Burners	Domestic Hot Water	Boilers	Hydronic Systems
New England	83.0%	21.3%	76.6%	63.8%	53.2%
Mid-Atlantic	87.9	5.2	82.8	74.1	58.6
South	66.7	*	16.6	25.0	16.6
Midwest	25.6	17.9	20.5	17.9	7.7
West	45.4	18.2	27.3	18.2	9.1
All Sections	*61.7%*	*12.5%*	*44.8%*	*39.8%*	*29.0%*

Commercial/Industrial

	Oil Burners	Gas Burners	Domestic Hot Water	Boilers	Hydronic Systems
New England	51.0%	8.5%	38.3%	36.2%	25.5%
Mid-Atlantic	63.8	24.1	44.8	50.0	36.2
South	33.3	8.3	8.3	8.3	8.3
Midwest	12.8	10.3	12.8	10.3	10.3
West	27.3	4.5	22.7	18.2	9.1
All Sections	*37.6%*	*11.1%*	*25.4%*	*24.6%*	*17.9%*

*Less than .1%

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TABLE V
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Unitary A/C	Electric Resistance	Insulation	Solar
New England	10.6%	6.4%	6.4%	12.8%
Mid-Atlantic	13.8	6.9	5.2	17.2
South	16.6	*	16.6	*
Midwest	7.7	2.6	*	*
West	9.1	9.1	4.5	9.1
All Sections	*11.6%*	*5.0%*	*6.5%*	*7.8%*

Commercial

	Unitary A/C	Electric Resistance	Insulation	Solar	Refrigeration
New England	2.1%	2.1%	6.4%	6.4%	2.1%
Mid-Atlantic	8.6	1.7	6.9	6.9	3.4
South	*	*	8.3	*	*
Midwest	7.7	7.7	2.6	*	2.6
West	4.5	9.1	4.5	4.5	4.5
All Sections	*4.6%*	*4.1%*	*5.7%*	*3.6%*	*2.5%*

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+2	0	-30
+10	-5	-40
+8	-25	-35
+9	-15	-40

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this area. Last year, only 10.6 percent said that residential sales were down during the 12 preceeding months. This year, about 16 percent said business is off. And only 32.8 percent have improved sales over last year. In 1979, 40.7 percent had improved sales.

On the commercial side, business seems to be somewhat better. Only 8.3 percent said sales were down, compared to 11.9 percent who reported sales down on the 1979 survey. While only 9.1 percent said sales were up, compared to 14.2 percent last year, business at least stayed the same for more than 80 percent who reported.

How does equipment sales stack up to overall business income? We asked this question and came up with Table III, which indicates that retail sales of heating equipment is a primary contributor of business income to only 8.0 percent of those reporting. Another 44.9 percent consider it a secondary income source. Wholesale heating equipment is a primary source to only 1.3 percent, and a source of any income to only 7.7 percent.

Air conditioning equipment is a primary source of income to only about 2.6 percent, and 10.9 percent said it had secondary value. More said that wholesale air conditioning had secondary value—12.8 percent—than would have been expected. Clearly 25 percent in Mid-Atlantic said they handled wholesale air conditioning.

We asked what types of equipment dealers handled and Tables IV, V and VI are the result.

Obviously burners got the nod in the greatest number of cases. Some 61 percent of the dealers reported that they sell, install and/or service oil burners. This was particularly prevalent in New England and Mid-Atlantic, both of which had percentages in excess of 80 percent.

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TABLE VI
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Furnaces	Warm Air Systems	Central Air Cond.	Heat Pump	Continuous Air Circulation
New England	76.6%	59.6%	25.5%	8.5%	6.4%
Mid-Atlantic	86.2	74.1	34.5	15.5	6.9
South	66.7	41.7	41.7	16.6	8.3
Midwest	23.1	15.4	12.8	7.7	5.1
West	50.0	27.3	13.6	13.6	13.6
All Sections	*60.5%*	*43.6%*	*25.6%*	*12.4%*	*8.1%*

Commercial

	Furnaces	Warm Air Systems	Central Air Cond.	Heat Pump
New England	40.4%	27.7%	17.0%	8.5%
Mid-Atlantic	55.2	44.8	22.4	10.3
South	33.3	16.6	16.6	8.3
Midwest	10.3	7.7	7.7	5.1
West	27.3	22.7	13.6	9.1
All Sections	*33.3%*	*23.9%*	*15.5%*	*8.3%*

TABLE VII
Average Number of Units Installed in Past 12 Months

	Residential				Commercial		
	Burners	Boilers	Furnaces		Burners	Boilers	Furnaces
New England	60.5	14.6	15.3	New England	6.5	2.8	5.0
Mid-Atlantic	92.5	27.0	17.2	Mid-Atlantic	10.8	5.9	5.4
South	6.0	0.3	12.8	South	*	*	3.5
Midwest	37.5	10.0	25.1	Midwest	8.6	8.5	*
West	79.2	2.3	8.0	West	3.0	*	5.0
All Sections	*55.1*	*10.8*	*15.7*	*All Sections*	*5.8*	*3.4*	*3.8*

*Less than .1

Interestingly, more dealers sell, install and/or service furnaces than boilers. About 39.8 percent said they handle hydronic equipment, as opposed to 60.5 percent who checked off furnaces.

Hydronic equipment seems to be more prevalent in the New England and Mid-Atlantic regions, where 63 and 74 percent of the dealers respectively reported that they handle the units. Less than 20 percent of the Midwest or Western dealers did so.

Some studies we have seen suggest that because of the growth in central air conditioning in new homes, more furnances are being installed because of the availability of the ductwork, etc.

Table VII averages the number of units of burners, boilers and furnaces installed during the past 12 months by dealers participating in our survey. Again, furnaces outnumber boilers 15.7 units per dealer vs. 10.8 units per dealer overall. In New England, the two are about equal, and Mid-Atlantic dealers are apparently installing a lot more boilers than furnaces. The other sections are more furnace-oriented, with Midwest dealers installing virtually no boilers at all.

On the commercial side, things are about equal. ■

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Customer Losses A Big Concern

More than 77 percent of the dealers reporting said they have lost customers during the last 12 months. The average number of customers lost is 60.3, with Mid-Atlantic dealers losing the most—70.7. Table *a* gives full details on this important subject, part of our third annual readership study.

In this section, we asked dealers a number of questions about energy conservation, competition and pending government regulations. The answers were indeed enlightening and in many cases are far different than many experts feel is the industry's position on various subjects.

For example, only about 5.6 percent of the dealers surveyed disagree with the new FTC Labeling requirement for heating and cooling apparatus. In fact, more than two-thirds said the law will have a positive impact on the industry.

Competition from gas heat is a major concern to dealers and fully 61.6 percent of those surveyed said that gas conversions are a major threat to their businesses.

Yet although most dealers fear gas conversions could ruin their businesses, only 47.3 percent of the dealers are taking positive steps to prevent such conversions. See Tables *a* and *b* for details.

Some dealers are facing these losses with a fatalistic attitude and are even making the conversions to gas themselves. Some 16.8 percent of the dealers reporting said they made gas conversions, amounting to about 19 customers each. This is detailed in Table *c*.

We asked a number of questions concerning energy conservation, such as what modifications would offer the greatest potential for saving. Surprisingly, increasing ceiling insulation was the top vote-getter, with more than 62 percent of the dealers choosing it. Last year, a similar question was asked and only 49.1 percent called it the best potential for energy saving. The Southern and Midwestern dealers, who do the least in equipment sales, favored ceiling insulation most. Therefore, the answer to this question may have been influenced by whether or not the dealer sold equipment. Coming in second was installation of storm windows and doors. This finished fourth last year. Lowering the thermostat at night was third, and finished a distant sixth last year. Replacement of old furnace or boiler finished fourth this year. Last year, it was the leader. See Table *f*.

Table *g* shows how many of the dealers polled recommend furnace or boiler replacement under various conditions. It is interesting to note that the most popular condition was when the unit was old and inefficient, even though it was operating o.k. This even surpassed boilers or furnaces which were continuously presenting problems.

Table *d* gives manufacturers a good idea as to how brand-oriented dealers are and how effective their recommendations are to consumers. About 53 percent of dealers nationwide specify replacement by brand names, and 72.6 percent of these recommendations are followed by customers.

What factors influence dealers when they recommend brands? We asked that and Table *h* is the result. Combustion efficiency is the leading factor, followed by quality. Note that price is only a minor consideration, the exact opposite of builders, who specify the cheapest product they can get away with in many cases.

We asked dealers why they thought their lost customers switched to gas and the results appear in Table *i*. This differs markedly from last year, when the four reasons were much more evenly blamed. This year, price seems to be the overwhelming choice as the reason dealers feel they are losing customers.

The FTC labeling law is detailed in Table *j* which shows that, as mentioned, the majority of dealers agree with the law.

Most dealers feel that homeowners still need to be motivated to adopt energy saving measures. Almost 65 percent said this need existed, but who should do the motivating—manufacturers, government, distributors, dealers or contrac-

(Continued on page 70)

Table a
Percent of Dealers Losing Customers to Gas Heat

	Percent Losing Customers	Average No. Customers Lost
New England	79.1	45.7
Mid-Atlantic	85.1	70.7
South	77.7	52.4
Midwest	78.6	65.5
West	66.7	67.0
All Sections	*77.4*	*60.3*

Table b
Percent of dealers indicating gas conversions are a major threat to their business and what they're doing about it

	% Saying Gas is A Major Threat	% Taking Steps To Combat Gas
New England	48.6	48.6
Mid-Atlantic	63.8	61.7
South	66.6	33.1
Midwest	67.9	42.9
West	61.1	50.0
All Sections	*61.6*	*47.3*

Table c
Percent making conversions from oil TO gas

	% Making Gas Conversions	Average No. Conversions Made
New England	11.6	7.2
Mid-Atlantic	23.4	46.4
South	22.2	1.2
Midwest	21.4	40.6
West	5.5	*
All Sections	*16.8*	*19.1*

*—Less than .1%

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Table e
Percent offering on-site home energy audits

New England	48.8
Mid-Atlantic	61.7
South	33.3
Midwest	14.3
West	33.3
All Sections	*38.3*

tors—was unclear since each had about equal votes from our panel.

We asked about on-site energy audits, and the percentages offering same appear in Table *e*. Regretably, less than half of the dealers are currently offering on-site energy audits, which many feel is an excellent tool to combat gas conversions and insure that customers are getting the most for their heating dollar.

Overall, it would seem that business is not as bad as the gas utilities would like everyone to believe. The fuel oil industry is alive and holding its own. There is some market concentration as fringe dealers leave the marketplace and larger dealers consolidate these smaller groups, but the gas industry's big triumph is not taking place and as prices rise (the beginnings of which are just now becoming evident to customers) due to deregulation, more and more consumers will discover that oil heat isn't so bad after all, and the local oil heat dealer is a heck of a lot more accessible and friendly than the utility. ■

Table d
Brand Name Specifications
(Percentage of dealers who recommend equipment replacements by brand)

	% Recommend Brand Name	% of Customers Following Recommendations
New England	74.4	88.9
Mid-Atlantic	66.0	17.0
South	44.4	84.0
Midwest	25.0	85.0
West	55.6	88.0
All Sections	*53.1*	*72.6*

Table f
Percent Indicating Modifications Which Offer Greatest Potential For Energy Saving

	New England	Mid-Atlantic	South	Mid-West	West	All Sections
Replace old furnace/boiler	48.8	59.6	—	35.7	27.8	34.4
Increase ceiling insulation	46.5	48.9	80.0	75.0	61.1	62.3
Replace burner	44.2	46.8	10.0	17.9	50.0	33.8
Install storm windows & doors	25.6	25.5	60.0	57.1	33.3	40.3
Burner tuneup	34.9	31.9	20.0	28.6	11.1	25.3
Lower eight-our thermostat to 60° (at night)	14.0	14.9	10.0	3.6	33.3	15.2
Lower thermostat to 68° (during the day)	23.3	31.9	60.0	21.4	38.9	35.1
Weatherstrip/caulk windows	9.3	17.0	20.0	39.3	33.3	23.8
Lower water heater to 120°	7.0	8.5	10.0	—	5.5	6.2
Re-size furnace/boiler	7.0	8.5	10.0	3.6	—	5.8
Install stack damper	2.3	2.1	—	10.7	—	3.2
Raise air conditioning thermostat to 78°	7.0	4.3	—	3.6	—	3.0
Reduce bath water use by one-third	4.7	—	—	3.6	—	1.7
A/C Tuneup	4.7	—	20	—	—	4.9

Table g
Percent Recommending Furnace/Boiler Replacement Under Following Conditions

	New England	Mid-Atlantic	South	Mid-West	West	All Sections
Operating with no problems, but old & inefficient	72.1	63.8	55.6	42.9	33.3	53.5
Boiler leaks	44.2	63.8	55.6	35.7	22.2	44.3
Furnace emits fumes	34.9	31.9	55.6	28.6	22.2	34.6
Furnace/boiler breaks down	34.9	38.3	22.2	14.3	16.6	25.3
Furnace/boiler gives continuous problems	48.8	63.8	44.4	50.0	38.9	49.2
Furnace/boiler is inefficient (but not necessarily old)	46.5	51.1	33.3	32.1	27.8	38.2
Homeowner objects to heating bills	30.2	29.8	11.1	17.9	22.2	22.2
Homeowner threatens to convert to another fuel	23.3	21.3	22.2	10.7	22.2	20.0

Table h
Percent Indicating Major Factor In Brand Selection

	New England	Mid-Atlantic	South	Mid-West	West	All Sections
Combustion efficiency	81.4	67.4	77.7	46.4	44.5	63.5
Quality of construction	67.4	46.8	77.7	50.0	38.9	56.2
Ease of service	16.3	23.4	44.4	10.7	16.6	22.3
Low incidence of service requirements	44.2	36.2	33.3	28.6	22.2	32.9
Durability	18.6	10.6	—	7.1	16.6	10.6
Low retail price	4.7	10.1	—	7.1	5.5	5.5
Quietness	7.0	4.3	11.1	14.3	22.2	11.8
Long warranty	7.0	2.1	22.2	10.7	16.6	11.7
Compactness	2.3	17.0	—	7.1	—	5.3

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Table k
What Dealers Feel Will be the Impact of an FTC Labeling Law

	New England	Mid-Atlantic	South	Mid-West	West	All Sections
Feel it will have a positive impact	65.1	74.5	88.9	53.6	55.6	67.5
Feel it will have a negative impact	7.0	4.3	11.1	10.7	—	6.6
Feel it will have a major impact (either positive or negative)	11.6	14.9	33.3	7.1	11.1	15.6
Feel it will have a fairly strong impact (either pos. or neg.)	37.2	31.9	22.2	28.6	27.8	29.5
Feel it will have only minor impact (either pos. or neg.)	25.6	34.0	33.3	21.4	33.3	29.5
Feel it will have no impact whatsoever	4.7	4.3	—	7.1	—	3.2

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Table i
Reasons Consumers Switch to Gas Heat

	All Sections
They think gas is less expensive	49.5
They think gas requires less service	0.9
They think gas is more abundant	2.5
They think gas is more convenient	1.3

Table j
How Dealers Feel About Proposed FTC Labeling Rule

	All Sections
Strongly agree	37.0
Agree	28.9
Disagree	4.2
Strongly disagree	1.4

SALES ACHIEVEMENT—Angelo Sinisi, left, vice president of marketing and sales for Repco Products Corp. presents the Outstanding Sales Achievement Award for 1979 to Art O'Sullivan, center, and Jerry Paul of Primary Sales, Philadelphia. The award was presented during the first International Sales Meeting held by Repco at Freeport, Grand Bahamas.

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